

Equinor fourth quarter and full year 2023 results

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Equinor (OSE:EQNR, NYSE:EQNR) delivered adjusted earnings* of USD 8.68 billion and USD 1.88 billion after tax in the fourth quarter of 2023. Net operating income was USD 8.75 billion and net income was USD 2.61 billion.

The fourth quarter and full year were characterised by:

- Strong financial performance
- 2.1% production growth in 2023
- Continued optimising of oil and gas portfolio, sanctioning projects for future growth
- Growth in onshore renewables power production and portfolio
- Cost focus and capital discipline

Competitive capital distribution

- Proposed increase in ordinary cash dividend to USD 0.35 per share, set ambition to grow quarterly cash dividend by 2 cents per year
- Proposed extraordinary cash dividend of USD 0.35 per share
- Announced two-year share buy-back programme of USD 10-12 billion, with USD 6 billion for 2024
- Expected total capital distribution in 2024 of USD 14 billion

Equinor is well positioned for profitable growth towards 2035 Key ambitions:

- Stronger cash flow and sustaining competitive returns. Growing cash flow from operations after tax* towards 2030 and 2035 by adding material contribution from renewables and low carbon solutions on top of stable cash flow from oil, gas and trading.
- Broader energy. Maintaining high oil and gas production, significant profitable growth in renewable power, decarbonised energy and CO2 storage.
- Lower emissions. Reducing operated emissions and increasing production of low carbon energy and CCS to reduce carbon intensity.

Anders Opedal, president and CEO of [Equinor ASA](#):

"In 2023 we continued to contribute to energy security in Europe and delivered 2.1% production growth. Solid operational performance and cost focus yielded strong financial results and cash flow. We delivered competitive capital distribution, while investing in a profitable portfolio that will contribute to future growth."

"Equinor is well positioned to deliver profitable growth. We expect to grow our cash flow and sustain competitive returns. We are extending the outlook for stable contribution from oil and gas to 2035. By 2030 we expect material and rapidly growing cash flow from our renewables and low carbon business."

"We will provide a broader energy offering with lower emissions. We aim to grow renewables and decarbonised energy to more than 80 terawatt hours by 2035 and have increased our ambition for carbon storage."

Strong operational performance

Equinor delivered strong production for the fourth quarter of 2,197 mboe per day, up from 2,046 in the same quarter of 2022, driving production growth for 2023 to 2.1%, above the updated guidance of 1.5%.

Equity liquids and gas production was up 14% and 1% respectively, from the same quarter in 2022. The

production increase was mainly driven by strong production at the Johan Sverdrup field and new wells in production. The production increase was also driven by contributions from the international portfolio with the Peregrino field reaching plateau production and strong performance from US offshore assets.

Power production from renewable energy sources reached 694 GWh in the quarter, up 34% from the same quarter last year. This increase was mainly driven by onshore production from Rio Energy in Brazil and Wento in Poland, along with production from Hywind Tampen. In the UK, the world's largest offshore windfarm, Dogger Bank, delivered first power in the fourth quarter and is currently ramping up production. Including the UK gas-to-power, total power production ended at 1,241 GWh for the quarter.

Strong financial results

Equinor delivered strong adjusted earnings* of USD 8.68 billion and USD 1.88 billion after tax in the fourth quarter. Gas prices are significantly down compared to the extraordinary price levels seen in 2022, and more than offset the contribution from increased production.

In the fourth quarter, Equinor recognised net impairments of USD 328 million, mainly related to the announced sale of assets and exit from Azerbaijan.

Cash flow provided by operating activities, before taxes paid and working capital items, amounted to USD 10.89 billion for the fourth quarter. Cash flow from operations after tax* ended at USD 2.79 billion for the fourth quarter, bringing the cash flow from operations after tax* to USD 19.7 billion for the year.

Equinor paid two ordinary NCS tax instalments in the fourth quarter and an extra instalment in October, totalling at USD 7.9 billion. One ordinary instalment of USD 3.7 billion 1), will be paid in the first quarter of 2024.

Organic capital expenditure* was USD 2.99 billion for the quarter, and USD 10.2 billion for the full year. Total capital expenditure was USD 3.77 billion for the fourth quarter and USD 14.5 billion for 2023.

After taxes, capital distribution to shareholders and investments, net cash flow* ended at negative USD 3.26 billion for the fourth quarter and at negative USD 8.34 billion for the full year. Equinor retains a strong financial position with adjusted net debt to capital employed ratio* at negative 21.6% by the end of the fourth quarter, compared to negative 22.9% at the end of the third quarter of 2023.

Progressing on strategy and enabling future growth

As the largest energy provider to Europe, Equinor continues to develop its broad portfolio to contribute to energy security.

On the NCS Equinor increased its ownership share to 50% in the Linnorm discovery in the Norwegian Sea, which is the largest undeveloped gas discovery on the NCS. The Breidablikk field ramped up successfully towards its plateau production of around 60 mboe per day at 100%. In a response to Europe's need for long-term, reliable energy supply, Germany's state owned energy company SEFE entered into a long-term gas sales agreement with Equinor. Under the contract Equinor will deliver 10 bcm of gas annually at least to 2034 and pursue large scale hydrogen supplies. Equinor made final investment decision on the partner-operated Sparta field in the US Gulf of Mexico, the third large investment decision in the international upstream business of the year. The Sparta field has estimated resources above 250 million boe and is designed for a production capacity of 100 mboe per day. Equinor continued to focus its international oil and gas, with the announced sale of assets in Nigeria and Azerbaijan. These assets have delivered profitable production to Equinor over the last decades.

In the UK, operations recently started at Blandford Road battery asset, the company's first commercial power storage asset. Danske Commodities will provide market access and optimisation, providing further value creation in a power market with a high share of intermittent renewable power.

Equinor has announced its intention to take full ownership of the Empire Wind projects in the US through a swap transaction with bp, where bp takes full ownership to the Beacon Wind projects.

Equinor completed 12 exploration wells offshore with 9 commercial discoveries in the quarter. At the quarter end, 4 wells were ongoing.

In 2023 Equinor added proved reserves mainly through sanctioning of new field developments, resulting in an organic reserve replacement ratio (RRR) of 104%, and an organic three-year average of 107%, excluding purchase and sales.

Equinor progressed several projects to reduce emissions from production, and the average CO₂-emission from the operated upstream production, on a 100% basis, was 6.7 kg per boe for 2023. Absolute greenhouse gas emissions scope 1 and 2 was 11.6 tonnes CO₂ equivalents for the full year.

The twelve-month average serious incident frequency (SIF) for 2023 was 0.4, stable from the previous year.

Competitive capital distribution

The board of directors proposes to the annual general meeting on 14 May 2024 an ordinary cash dividend of USD 0.35 per share for the fourth quarter 2023, an increase of USD 0.05 per share from the third quarter of 2023, and sets an ambition to grow the quarterly cash dividend by 2 cents per year. Based on the strong earnings in 2023 and the robust financial position of the company, the board of directors further proposes an extraordinary cash dividend of USD 0.35 per share for the fourth quarter of 2023. Equinor share will trade ex-dividend on Oslo Børs and New York Stock Exchange from and including 15 May 2024.

The interim cash dividends for the first, second and third quarter of 2024, to be decided by the board of directors on a quarterly basis in line with the company's dividend policy, subject to existing and renewed authorisation from the annual general meeting, are expected to be at the same level as for the fourth quarter of 2023.

The fourth tranche of the share buy-back programme for 2023 was completed on 19 January 2024 with a total value of USD 1.67 billion. Following this, the total share buy-backs under the share buy-back programme for 2023 amounts to USD 6 billion.

The board of directors has decided to announce a two-year share buy-back programme for 2024-2025 of USD 10-12 billion in total, with up to USD 6 billion for 2024. The share buy-back programme will be subject to market outlook and balance sheet strength. The first tranche of up to USD 1.2 billion of the 2024 share buy-back programme will commence on 8 February and end no later than 5 April 2024. Commencement of new share buy-back tranches after the first tranche in 2024 will be decided by the board of directors on a quarterly basis in line with the company's dividend policy and will be subject to existing and new board authorisations for share buy-back from the company's annual general meeting and agreement with the Norwegian State regarding share buy-back.

Capital markets update: Profitable growth towards 2035

With a firm strategy and strong portfolio of projects, Equinor is well positioned for profitable growth with a stronger cash flow, a broader energy offering and lower emissions towards 2035 (1).

Key ambitions:

- Stronger cash flow:
Grow cash flow from operations after tax* to around USD 23 billion by 2030 and to more than USD 26 billion by 2035. Deliver high returns while transitioning with a ROACE* above 15% towards 2030 and target to sustain a level of around 15% through 2035.

- **Broader energy:**
Produce more than 80 TWh from renewables and decarbonised energy and deliver transport and storage of 30-50 million tonnes CO₂ annually by 2035. Maintain oil and gas production of around 2 million barrels per day through 2030 and produce around 1.2 million barrels per day from the Norwegian Continental Shelf in 2035.
- **Lower emissions:**
50% net reduction of operated emissions by 2030, and 40% reduction in net carbon intensity by 2035, in line with our Energy transition plan (2).

Equinor is contributing to energy security, while driving decarbonisation and energy transition.

Stronger cash flow

Equinor expects to sustain an annual average cash flow from operations after tax* from oil, gas and trading of around USD 20 billion through 2035. Renewables and low carbon solutions are expected to deliver a material contribution with around USD 3 billion in 2030 and above USD 6 billion in 2035.

Equinor will continue to optimise the oil and gas portfolio and invest in a profitable project portfolio coming on stream the next ten years, with an average breakeven price of around USD 35 per boe, 30% internal rate of return, 2.5 years payback time and an upstream operated scope 1 CO₂ intensity below 6 kg per boe. Equinor expects to deliver above 5% production growth for oil and gas from 2023 - 2026 and maintain production of around 2 million barrels per day in 2030.

Broader energy offering

Equinor is set to broaden the energy offering and aims to deliver above 80 TWh from renewables and decarbonised energy by 2035. Based on extensive experience from CCS and project pipeline progress, Equinor also increases the ambition for annual CO₂ storage to 30-50 million tonnes in 2035.

For the renewables portfolio, Equinor expects real base project returns of 4-8%. CCS projects are also expected to deliver real base project returns of 4-8%, with potential for higher returns as markets mature.

Lower emissions

Equinor continue to progress according to the Energy transition plan. Gross investments in renewables and low carbon solutions increased to 20% in 2023 and Equinor is on the path to reach the ambition of above 50% by 2030. Equinor's operated emissions are 30% lower in 2023 compared to 2015. The company is on track to deliver on the 2030 ambition of net 50 percent reduction in operated scope 1 & 2 CO₂ emissions. Reduced emissions, growth in renewables, decarbonised energy and CCS, underpins the ambition to reduce net carbon intensity by 20% by 2030 and 40% by 2035.

- Organic capex* of around USD 13 billion (3).
- Stable oil and gas production from 2023.
- Doubling of annual power production from renewable sources compared to 2023.

This press release contains Forward Looking Statements. Please see the Forward Looking Statement disclaimer published on [Equinor.com/investors/cmu-2024-forward-looking-statements](https://equinor.com/investors/cmu-2024-forward-looking-statements)

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* For items marked with an asterisk throughout this report, see Use and reconciliation of non-GAAP financial measures in the Supplementary disclosures

1) NOK 37 billion, USD estimate based on a USD/NOK exchange rate assumption of 10.

(1) All forward looking financial numbers are based on Brent blend 75 USD/bbl, Henry Hub 3.5 USD/mmbtu and European gas price 2024/25: 13 USD/mmbtu, and 2026 onwards: 9 USD/mmbtu

(2) See Equinor Energy transition plan at <https://www.equinor.com/magazine/our-plan-the-energy-transition>

(3) USD/NOK exchange rate assumption of 10.

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Further information from:

Investor relations

Bård Glad Pedersen, Senior vice president Investor relations,
+47 918 01 791 (mobile)

Press

Sissel Rinde, vice president Media relations,
+47 412 60 584 (mobile)

This information is subject to the disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act

Attachments

- Financial statements and review Equinor Q4 2023 - CMU 2024
- CEO and CFO presentation Equinor Q4 2023 - CMU 2024
- Press release Equinor Q4 2023 - CMU 2024

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